



Introduction to the Special Issue: 'Facing the Housing Affordability Crisis in Southern Europe: Housing Policies in the Spotlight'

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Scope of the Special Issue

The origin of this Special Issue goes back to a webinar held in March 2023, entitled ‘Southern European housing policies in the 2020s: the farewell to residualisation?’ Promoted by the Southern European Housing Working Group of the European Network for Housing Research, the webinar sought to launch a debate on the transformation of housing policies in Southern European countries, particularly in response to the global housing affordability crisis (Wetzstein 2017).

Almost two decades after the publication of the seminal work *Housing and Welfare in Southern Europe* (Allen et al. 2004), it was time to revisit the discussion on the distinct characteristics of housing in this European region, now in a very different context, shaped by dynamics that have profoundly changed not only Southern Europe but also Europe and the world in general. These changes have resulted from accelerating globalisation, increased financialisation, and the growing residualisation of public housing provision. They are also shaped by critical global events or critical junctures (Elsinga 2020) such as the Global Financial Crisis (GFC), which in several Southern European countries had profound consequences – in particular the Sovereign Debt Crisis, followed by austerity as a result of the subsequent financial bailouts by the Troika. More recently, measures taken in response to the Covid-19 pandemic have further exposed multiple vulnerabilities within the housing sector. At the same time, they gave new impetus to discussions on the re-emergence of the state’s welfare role, on the one hand, and on the strengthening of the European social project, on the other, as seen in the significant public investment in vaccines and the Recovery and Resilience Plan.

The topic of the webinar generated a lot of interest, resulting in thirteen presentations from various Southern European countries. This led to the proposal for this Special Issue entitled ‘Facing the housing affordability crisis in Southern Europe: Housing policies in the spotlight’. While the Special Issue is not fully representative of all Southern European countries, lacking contributions from Greece, Cyprus, and Malta, and does not provide a comprehensive overview of policy transformations across all countries, as the papers from Spain and Italy have a more specific focus, it nonetheless addresses the critical issues shaping recent housing policy debates across the region.

We hope that it will contribute to ongoing debates that seek to challenge the dominant analyses in which Southern European housing systems are portrayed as inexorably divergent from ‘other’ or ‘mainstream’ European housing systems. Such perspectives, which remain prevalent today, often present a static view of housing in these countries, showing limited sensitivity to their inter- and intra-national diversities, arguing for instance that features such as informality, self-build practices, familialism, and unmortgaged homeownership are enduring characteristics of these systems (Grander and Stephens 2024: 321). Moreover, these analyses, which still dominate common public perceptions and mainstream policy decisions, often overlook the structural, though variegated, transformations that have shaped Southern European housing systems over recent decades.

An overview of the papers

The Special Issue comprises four papers: two focused on Portugal, examining broader trends in the housing market and housing policy; one on Spain, analysing the increasing difficulties young generations face in accessing decent and affordable housing amid growing inequalities; and one on Italy, exploring the social challenges and potential opportunities



associated with deteriorating public housing estates within a residualised public housing system.

The **paper by Sandra Marques Pereira (2024)** examines recent policy responses to Portugal's growing housing affordability crisis in the context of international debates on a possible post-neoliberal shift in housing policy since the GFC (Byrne 2022; Hochstenbach 2023; Kadi et al. 2021; Schipper 2015; Wijburg 2021; Vogelpohl and Buchholz 2017). This research positions Portugal within a tradition of residual public policy and widespread homeownership, while contextualising it at the intersection between the country's housing trajectory and the trajectories of other European countries. The study examines whether the country is moving away from the neoliberal housing policy logics that have prevailed internationally since the late 1970s – a period that coincided with Portugal's democratisation and similar trends across Southern Europe.

The post-neoliberalisation trend, as discussed in the academic literature (ibid.), is defined as an ongoing, contradictory, and context-specific response to the housing crisis, influenced by growing social discontent and urban mobilisations. However, the imbalance of power between global financial forces and governments, as well as conflicts between different levels of governance, hinders deeper changes. To explore these trends in Portugal, Pereira refers to key policy initiatives: the New Generation of Housing Policies (NGHP 2018), the Basic Law on Housing (2019), and the *Mais Habitação* (More Housing) package (2023). She focuses particularly on the latter as the most prominent attempt to increase the availability of affordable housing. The package reflects a complex and ideologically conflicting mix of measures – both supportive and restrictive – aimed mainly at market sectors but also at increasing the supply of affordable public rental housing. These policies have attracted criticism from both the left and the right of the political spectrum.

Pereira highlights that while these efforts mark a shift in governmental discourse and policy, where the housing crisis is recognised as a threat and its negative impact on younger generations and the middle class is acknowledged, their implementation faces significant challenges. These include features of Portugal's historical housing system that are common in Southern Europe: weak public housing provision, market dominance in housing supply, fiscal constraints, and political dynamics that shape public debate and decision-making. While the paper does not take a definitive stance on the adequacy of the measures or their potential to address the commodification and financialisation of housing, it underlines the contentious and challenging nature of these efforts. The author argues that significant structural change would require deeper socio-political dialogue and institutional reforms.

The **paper by Xerez et al. (2024)** complements the growing literature on housing financialisation in Portugal and in its principal urban areas (Santos 2023; Marques et al. 2019; Mendes 2020; Canelas et al. 2023; Lima 2023; Tulumello and Dagkouli-Kyriakoglou 2023; Mendes and Tulumello 2024) and contributes to understanding the variegated nature of this process (Aalbers 2017). The authors first examine the local manifestations of early financialisation, which in Portugal in the late 1970s was characterised by prominent state involvement through the introduction of subsidised housing loans. This is a distinctive Portuguese characteristic that warrants closer investigation in order to elucidate the apparent paradox between the left-dominated revolutionary period and the promotion of private property – a contradiction that raises questions about the intentionality of public sector actors in promoting financialisation. Nevertheless, the expansion of housing credit intensified from the late 1980s after the country's accession to the European Union and the reprivatisation of banks nationalised after the 1974 revolution.



The analysis addresses primarily the second phase of financialisation, after the GFC, characterised globally by the ‘takeover of housing portfolios by REITs and listed real estate funds’ (Wijburg et al. 2018: 1099), with rental markets becoming more important than homeownership (Fuller 2021). The authors highlight that Portugal, along with Greece in Southern Europe and Ireland in Anglo-Saxon region, entered a transformative phase during the Troika's financial assistance programme (2011-2014) implemented in response to the Sovereign Debt Crisis. Housing markets underwent significant changes, including the liberalisation of the private rental sector (initiated in 1990) and the expansion of short-term rentals.

The authors examine the transformation of financial circuits (Norris and Lawson 2022) in this second phase and identify two key aspects beyond state influence here. First, the importance of Real Estate Investment Funds (REIFs) in urban renewal, reflecting the convergence of urban and housing policy priorities with the expansion of REIFs. In particular, the focus on urban renewal preceded the GFC and developed alongside the implementation of New Public Management (NPM) principles (Hood 1995) throughout the Portuguese central and local government, which adopted market-oriented operational approaches (Pereira 2020).

The establishment of the *Sociedades de Reabilitação Urbana* (Urban Renewal Societies) in 2004 – a new local government organisation – reflects the integration of NPM principles and provides an institutional framework for promoting REIFs and public-private partnerships. Second, despite public incentives, including tax benefits, investment funds targeting rental housing have attracted limited investor interest: the analysis reveals that these funds ‘have focused their key areas of investment on office, retail and warehouse spaces’ rather than on residential properties. Indeed, build-to-rent (BRT) has not emerged as a preferred investment area in Portugal, in contrast to purpose-built student accommodation (PBSA), which has shown significant growth: the configurations, resistances, and the state's role as an enabler of PBSA or BTR are among the many unexplored avenues for research into this second phase of financialisation in Portugal.

Turning to Spain, **Martínez del Olmo's paper** (2024) examines the increasing difficulties and exclusion faced by the young in access to housing and in leaving the parental home. Barcelona and Madrid are used as case studies. It also examines the state's response to this problem, namely the first law on the right to housing, enacted at the national level in 2023 (Law 12/2023, of 24 May).

This paper shows the increasing difficulties around access to housing in Spain. Credit restrictions and labour market insecurity since the 2008 GFC, further intensified by Covid-19 economic measures, have made homeownership increasingly unattainable for many Spanish households, particularly young people, forcing them to seek alternatives in the private rental market. In fact, between 2011 and 2020, homeownership among younger households of people under 35 in Spain fell by 33 percentage points (from 69.3% to 36.1%).

The law governing urban leases (1994) has been amended several times and has not succeeded in making leases a truly desirable alternative to homeownership. Given that the private rental market is the only alternative, it is not surprising that the sharp increase in rents in recent years has led to a lack of affordability, especially in large cities. Between 2015 and 2022, cumulative growth in rental income per square metre for the average rental housing stock was over 28.5%. As the author points out, the most disadvantaged groups in society rely on a scarce, informal, and precarious private rental market. In fact, there is a growing trend in Spain for low-income groups to be housed in insecure or inadequate



accommodation, such as hostels or shipping containers. In other words, the phenomenon of hidden homelessness is becoming widespread and is affecting vulnerable groups.

The amount of social housing available for rent is low (figures range from 1% to 2.5%, although these figures are rather unreliable, and attempts to increase the stock of social and affordable housing through expropriation or fines for owners of empty homes have had limited success). The impact of the growth of holiday rentals on the private rental market and the slow pace of new residential housing construction are factors behind these difficulties in access to housing.

The article, based on a quantitative analysis of multiple secondary sources of information, develops a bivariate analysis and presents two complementary key indicators: rental affordability and the share of young people living with their parents. Ultimately, it reveals a worrying decline in the percentage of young people leaving the parental home over the period 2011–2021, as young people have increasingly been excluded from access to housing. It also highlights significant inequalities that separate young people living in the most affluent city districts from those living in the poorest. This would be in line with the fact that the housing status of people aged 18–34 is to some extent correlated with the housing system (in terms of the accessibility and availability of social or public housing, subsidised rent schemes, and regulation) and welfare states, so that the share of young people living independently is higher in countries with a social democratic welfare state with strong state support (e.g. Denmark, Germany or Sweden), while in Southern European countries with a strong family-based approach, the housing status of the young is mostly defined as co-residence (i.e. living with parents).

For its part, the State Housing Law 12/2023 allows the Spanish Autonomous Communities to implement a system of rent control (Catalonia did so in March 2024). It guarantees the continuity of rental contracts and requires more documentation and formalities to initiate eviction procedures (e.g. a mediation procedure must be followed) if the owner is a ‘large landowner’ (namely, those natural or legal person owning more than 10 properties for residential use) and the tenant is in a situation of economic vulnerability. In general, it aims to promote the development of a stock of social and affordable rental housing. Although the law seeks to establish housing as a right and adopts several forms of intervention, significant challenges and ambiguities remain regarding its actual impact and effectiveness. However, the law did not implement any structural measures to fill the existing gaps in the development of the right to decent and adequate housing in Spain. As the author points out, the implementation of the law depends on the political will of the regional governments (which have taken on the responsibility for housing issues), many of which disagree with the measures. Additionally, the lack of funding makes it difficult to implement them. Against this background, the author suggests that several structural measures, such as promoting the diversity of housing tenure options or greater cooperation between different levels of government, are necessary to promote greater affordability, while at the same time a significant amount of social housing stock must be built. Other measures could be added following the ‘Spain 2050’ (España 2050 - Oficina Nacional de Prospectiva del Gobierno de España (coord.) 2021) initiative, such as a territorial cohesion policy.

Finally, the **paper by Lorenza Perini (2024)** moves from the more macro spatial level considered in the previous articles to focus on the micro level of a single neighbourhood, the ‘Rione Palestro’ in Padua, Italy. She critically examines the consequences for residents of ineffective public housing and urban renewal policies and underlines the importance of grassroots activities in urban development.



Although still centrally located, adjacent to the historic 16th-century city walls, 'Rione Palestro' has in recent years been branded in the public media as a 'peripheral' and 'drug-selling' neighbourhood. It has a relatively high density of social housing, with many buildings owned by the public housing authority (ATER). Often perceived as a source of urban decay, these estates have long been a source of tension between the population and the municipal authorities, owing, for example, to the lack of maintenance and the general neglect. This is the starting point of the article, which reports on the findings of ethnographic and qualitative research carried out in the neighbourhood, and the possibilities for the neighbourhood to regain its sense of place and become more liveable.

In 2021, the neighbourhood was in a very difficult situation. ATER, the authority responsible for social housing in the region, decided to sell 200 apartments and evict the occupants of another 60 homes, which were then to be walled up, at a time when the housing market was tight. The article then focuses on the consequences of the eviction and the impact the walled-in apartment complexes have had on the neighbourhood, which, according to the author, has become a 'black hole' in the area and threatens to have a very negative impact on it.

Residents have lost trust in official housing and urban development policies, as top-down promises of development since the 1990s have, according to interviews in the article, never been delivered and are now seen as a threat. Other factors, such as increased migration and changes in the social structure of the neighbourhood, pose additional challenges. Committed residents are taking matters into their own hands to reappraise the area's history and shape its future. This includes initiatives that go far beyond the housing situation.

The article concludes by pointing out that the 'void' in Padua's urban policy can be filled through the development of neighbourhood narratives of place-making and belonging, also involving young people, which are likely to help overcome the obstacles to development in the neighbourhoods concerned. In the case of Padua, small steps on a grassroots level in the neighbourhood are seen as more effective than big public plans. The article provides a good example of the different governance and starting conditions of public housing and urban development policy objectives, outcomes, and impacts across Europe. It highlights the need for further comparative discussion of housing and urban development policies in Southern Europe.

Concluding remarks

The four articles explore various aspects of the housing crisis and the policies designed to address it in Southern Europe, employing diverse methodologies and analysing multiple spatial scales. However, the absence of representation from all Southern European countries means that the conclusions and insights are necessarily partial. This gap underscores the need for future research to examine the similarities and divergences in these countries' recent housing trajectories and to critically assess the validity of treating them as a coherent group with a unified housing system (Leonardi 2024). Beyond the evolution of housing policies, other specific aspects should be monitored, namely the reconfiguration of tenures and particularly the growth of renting at the expense of homeownership.

Nonetheless, the articles underscore two significant challenges. First, they highlight the difficulty of reversing the path-dependency of residual public housing policies. Second, they emphasise the profound structural influence of international financial dynamics on housing markets. While Spain and Portugal have introduced noteworthy policy measures to tackle the



housing crisis, the authors point out that the implementation of these initiatives faces substantial constraints, limiting their potential impact.



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